

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
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3 UNITED STATES OF AMERICA

4 v.

SS 93 Cr. 579

5 Marc Rich+ Co., AG,
6 Marc Rich International, Ltd.,
7 now known as Clarendon,
8 and Clyde Meltzer,

9 Defendants.
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10 October 11, 1984
11 10:00 a.m.

12 Before:

13 HON. SHIRLEY WOHL KRAM,

14 District Judge

15 APPEARANCES

16 RUDOLPH W. GIULIANI,
17 United States Attorney for the
18 Southern District of New York,
19 - and -
20 Morris Weinberg,
21 Martin Auerbach, and
22 Jane Parver,
23 Assistant United States Attorneys

24 Kostelanetz & Ritholtz,
25 Attorneys for Defendant Marc Rich, AG
Boris Kostelanetz,
Peter I. Zimroth, and
John J. Tigue, Jr.,
of Counsel

Curtis Mallet Prevost Colt & Mosle,
Attorneys for Defendant Marc Rich International

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Peter Fleming and
Daniel R. Lenihan,
of Counsel.

(Case called. All parties answered ready.)

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1 THE COURT: Will you proceed, please?

2 MR. GIULIANI: Good morning, your Honor. My
3 name is Rudolph Giuliani. I am the United States Attorney
4 for the Southern District of New York.

5 With me at counsel table are Morris Weinberg,
6 the Assistant United States Attorney who has been in charge
7 of this case from its inception, Martin Auerbach, who has
8 worked in partnership with Mr. Weinberg preparing this case,
9 Jane Parver, who is the Executive Assistant United States
10 Attorney who supervised this case, and Morton Dick, a
11 special agent of the IRS who has been the principal
12 investigating agent in this case throughout.

13 This morning this proceeding is to dispose of
14 the charges against Marc Rich & Company, AG, and Marc Rich
15 International, and the defendant Clyde Meltzer. All three
16 defendants propose to waive indictment and plead guilty to
17 superseding information.

18 In the case of the corporate defendants, they
19 will both plead to 38 counts of false statements, and
20 International will also plead to two counts of evading in
21 excess of \$48 million in taxes.

22 They have also agreed to pay the United States
23 Government \$150 million in settlement of the charges and
24 other claims against them, to waive any right to recover
25 the \$21 million in fines that has already been paid to the

United States, and to waive any right to use any of these payments as an offset against past or future tax liabilities to the United States of America.

The total value to the government is approximately \$200 million.

In exchange, the government will dismiss the pending charges against them in indictment S 83 Criminal 579, and lift the restraints imposed against them, as well as release them from liabilities as fully set forth in the memorandum that Mr. Weinberg will present to the court this morning.

It is also clear, your Honor, that the charges against Marc Rich and Pincus Green in the indictment will remain open and unaffected by these proceedings this morning.

This plea and settlement was contingent from the point of view of both sides on the action of the Swiss Government on our request to extradict Marc Rich and Pincus Green. With the refusal of the Swiss Government to extradict insofar as the Rich and Green aspects of the case are concerned, this became a case against corporations.

Corporations, as your Honor knows, cannot be put in prison. The maximum penalties are monetary. This plea and settlement is a truly exceptional result for the government. The government's interest in successfully

1 prosecuting these corporations is fully satisfied. The
2 \$150 million payment and the total package of \$200 million,
3 as well as the exposure to \$700,000 in maximum fines,
4 constitutes the largest amount of money ever recovered by
5 the United States in a criminal income tax evasion case,
6 all this without in any way affecting the government's
7 option his to proceed against Marc Rich and Pincus Green.

8 This morning, your Honor, we will proceed first
9 with the waiver of indictment and then the filing of a
10 superseding information, then with the entry of guilty
11 pleas by the two corporations and the individual, and then
12 with the sentencing of the two corporations.

13 In closing, your Honor, may I just add one
14 personal word, and that is to commend the attorneys who
15 have been involved in this for the government, for the
16 defendants, for the banks. It really has been a very long
17 and complex process, and all of it was handled in a highly
18 professional manner.

19 I would just like to put that on the record.

20 I would now like to turn it over to Morris
21 Weinberg, who handled the waivers and the pleas.

22 MR. WEINBERG: Good morning, your Honor.

23 Let me hand up to the clerk the superseding
24 information with regard to Marc Rich & Company, AG, and
25 International, along with each of their waivers of

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1 indictment, as well as the superseding information against
2 Clyde Meltzer, along with his waiver of indictment.

3 As well, your Honor, I will hand up and ask the
4 clerk to mark as Exhibit 1 to this court proceeding a
5 package of documents which includes a September 13, 1984
6 letter from the U. S. Attorney to the two defense lawyers
7 in this case setting forth various understandings in this
8 case which comprise the overall plea agreement.

9 Attached to that letter are a copy of the
10 memorandum of understanding, which at the conclusion of
11 these proceedings today we will ask your Honor to so order
12 the original so it can be filed in court as an order.

13 That memorandum of understanding sets forth all
14 of the terms and understandings to this plea including what
15 the defendants will plead to, the payment of \$150 million,
16 and the other things that Mr. Giuliani spoke about, as well
17 as providing for the conclusion of various other corollary
18 proceedings that pend in this courthouse and in the Tax
19 Court.

20 Also attached as an exhibit to that memorandum
21 of understanding is a stipulation and order that provides
22 for the resolution of litigation that has pended before
23 Judge Owen in this courthouse between the United States of
24 America and a consortium of banks. As a result of this
25 plea, if it is accepted, and the payment of \$150 million,

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1 that lawsuit will be settled and the banks will be paid
2 today, as I understand it, the \$130,000-or-so that they are
3 owed by the defendants International and Marc Rich &
4 Company, AG,.

5 Previously, the government had been litigating
6 against them to collect the same assets in order to satisfy
7 our various liabilities.

8 Finally, attached as an exhibit of understanding
9 is the information that AG and International propose to
10 plea to today as well as a copy of a Tax Court decision
11 that will be filed in Washington today resolving the Tax
12 Court litigation between International and the United
13 States Government concerning the \$96 million in taxes,
14 penalties and interest that has been assessed against
15 International as a result of the underlying crimes in this
16 case.

17 I hand this up and ask the court to mark it as
18 Court Exhibit 1

19 THE COURT: It is to be so marked.

20 (Court Exhibit 1 was marked.)

21 MR. WEINBERG: I also ask the clerk to mark as
22 Court Exhibit 2 corporate resolutions of both Marc Rich &
23 Company, AG, and Clarendon Ltd., which is Marc Rich
24 International, the name by which they gone now.

25 These corporate resolutions have been certified

1 and authorized.

2 It is by these resolutions the attorneys for AG
3 and International appear today with the full authority to
4 enter into the memorandum of understanding and to enter
5 pleas to the superseding information.

6 THE COURT: That will be Mr. Kostelanetz and Mr.
7 Fleming?

8 MR. WEINBERG: That's right.

9 I ask that be marked as Court Exhibit 2, your
10 Honor.

11 (Court Exhibit 2 was marked.)

12 MR. WEINBERG: we will ask the court at this
13 time to proceed with the waivers.

14 THE COURT: Mr. Kostelanetz, Mr. Fleming, would
15 you stand, please.

16 THE CLERK: Mr. Kostelanetz, do you represent
17 Marc Rich & Company, AG,?

18 MR. KOSTELANETZ: Yes. I'm Mr. Kostelanetz.

19 BY THE CLERK:

20 Q. Have you received a copy of the superseding
21 information?

22 A. Yes.

23 MR. KOSTELANETZ: May I say this, your Honor?
24 If it is satisfactory to the Court, my partner Peter
25 Zimroth, will proceed with this portion of the business

1 this morning.

2 THE COURT: All right.

3 MR. ZIMROTH: Good morning, your Honor.

4 Q. Mr. Zimroth, do you represent Marc Rich &
5 Company, AG?

6 A. Yes, as a partner of the firm of Kostelanetz &
7 Ritholtz. We represent Marc Rich AG.

8 Q. Have you received a copy of the superseding
9 information?

10 A. Yes.

11 Q. Have you read it?

12 A. Yes.

13 Q. Do you wish it read now or do you waive the
14 reading?

15 A. We waive the reading.

16 Q. Have you signed the waiver of indictment on
17 behalf of the corporation?

18 A. Mr. Kostelanetz had so done.

19 Q. Before signing it, did you discuss it with your
20 attorney and did he explain it to you?

21 A. We are the attorney. This is a corporate
22 resolution.

23 Q. Do you understand that you are not obligated to
24 waive the indictment?

25 A. Yes.

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1 Q. Do you understand that if you do not waive the
2 indictment and the government wanted to proceed against you
3 that they would have to present your case to a grand jury?

4 A. Yes. The companies, that's right.

5 Q. I am sorry. Not indict you.

6 A. Yes.

7 Q. Do you realize that by signing this waiver you
8 have given up your right to have your case --

9 A. Yes.

10 Q. Mr. Fleming, do you represent Marc Rich and
11 Company International?

12 MR. FLEMING: Your Honor, I represent Marc Rich
13 International, now known as Clarendon. I have heard all of
14 the questions asked of Mr. Zimroth with regard to AG. My
15 answers are the same.

16 I have read the proposed superseding information.
17 I have executed the waiver of indictment on behalf of
18 Clarendon. This has been discussed with my client who has
19 fully authorized the conduct. I am aware of and my client
20 is aware of the rights which we are waving by executing
21 this waiver of indictment and consenting to the filing of
22 this superseding indictment which, as I say, we have read,
23 we do understand and the reading of which we waive.

24 THE COURT: All right.

25 I understand that you wish to enter a plea of

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1 guilty to all counts of this superseding information this
2 morning. Is that correct?

3 MR. ZIMROTH: Yes, it is, your Honor.

4 MR. FLEMING: Your Honor, in behalf of Clarendon
5 we are named in counts 1 through 40. That corporation
6 wishes to enter a plea of guilty to each of the counts 1
7 through 40.

8 MR. ZIMROTH: On behalf of AG, AG is not named
9 in the last two counts, which are the tax evasion counts,
10 and so with respect to the others, the first 38, we do
11 intend to enter a plea of guilty.

12 THE COURT: I may be repeating some of the
13 information which you have given me, but I want to make
14 sure the record is clear on the allocution.

15 MR. FLEMING: Yes, your Honor.

16 THE COURT: Who represents the defendant Marc
17 Rich & Company, AG?

18 MR. ZIMROTH: The firm of Kostelanetz &
19 Ritholtz, your Honor.

20 THE COURT: And the defendant Marc Rich and
21 Company International Ltd. now known as Clarendon?

22 MR. FLEMING: The firm of Curtis Mallet Prevost
23 Colt & Mosle by me, Peter Fleming,, a partner in that firm.

24 THE COURT: Do the respective corporations
25 which you represent wish to enter a plea of guilty to the

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1 charges contained in the superseding indictment?

2 MR. ZIMROTH: Superseding information.

3 The first 38 counts insofar as Marc Rich &
4 Company, AG, are concerned, yes.

5 MR. FLEMING: To each of the 40 counts for
6 Clarendon.

7 THE COURT: And you have been authorized to
8 enter such a plea?

9 MR. ZIMROTH: Yes, and I believe your Honor has
10 the corporate resolution

11 MR. FLEMING: I have been, your Honor.

12 THE COURT: As the attorneys for the defendant
13 corporations, have you informed your clients, and do they
14 understand each and every part of the following:

15 1. That they are entitled to have the evidence
16 in the possession of the government presented to a grand
17 jury which would then decide whether to indict them; and

18 2. Have you informed them and do they
19 understand that by waiving indictment that process will not
20 occur?

21 MR. ZIMROTH: Yes, your Honor

22 MR. FLEMING: Yes, your Honor.

23 THE COURT: That they are entitled under the
24 constitution and laws of the United States to a trial by a
25 jury on the charges contained in the superseding

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1 information?

2 MR. ZIMROTH: Yes, your Honor.

3 MR. FLEMING: Yes, your Honor.

4 THE COURT: That at that trial they would be
5 present, and that the government would be required to prove
6 them guilty beyond a reasonable doubt before they could be
7 found guilty, and that they would not have to prove that
8 they were innocent?

9 MR. ZIMROTH: Yes, your Honor

10 MR. FLEMING: Yes, your Honor

11 THE COURT: That in the course of that trial the
12 witnesses for the government would be required to come to
13 court and testify in their presence, and that you could
14 cross examine those witnesses, object to evidence offered
15 by the government, and offer evidence in your clients'
16 behalf?

17 MR. ZIMROTH: Yes, your Honor.

18 MR. FLEMING: Yes, your Honor.

19 THE COURT: And that they have the right to be
20 represented by counsel at every stage of the proceedings?

21 MR. ZIMROTH: Yes, your Honor.

22 MR. FLEMING: Yes, your Honor.

23 THE COURT: And that the government would be
24 required to prove its case against them beyond a reasonable
25 doubt to all the jurors?

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1 MR. ZIMROTH: Yes, your Honor.

2 MR. FLEMING: Yes, your Honor.

3 THE COURT: If you enter a guilty plea on their
4 behalf to all the charges contained in the superseding
5 information, they will waive a trial and all the other
6 rights I have just discussed, that I will enter a judgment
7 of guilty against them on all the charges, and will
8 sentence them on the basis of the guilty plea.

9 MR. ZIMROTH: I did, your Honor, with respect to
10 AG insofar as the counts in which we are named, not the
11 last two, the tax evasion counts.

12 THE COURT: No, I understand that doesn't apply
13 to AG.

14 MR. ZIMROTH: Yes, your Honor.

15 MR. FLEMING: We are named in all.

16 Yes, your Honor.

17 THE COURT: That if you enter guilty pleas on
18 their behalf, that I may ask questions about the nature of
19 the charges against them and what they did, and that these
20 questions must be answered by you?

21 MR. ZIMROTH: Yes, your Honor.

22 MR. FLEMING: Yes, your Honor.

23 THE COURT: That both corporate defendants are
24 charged with making false statements to an agency or
25 department of the United States Government on 38 separate

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1 occasions and that Marc Rich and Company International,
2 Ltd., now known as Clarendon, is also charged with two
3 counts of tax evasion -- that is, with criminal failure to
4 pay taxes due you to the United States of America.

5 MR. ZIMROTH: Yes, your Honor.

6 MR. FLEMING: I understand that, your Honor.

7 THE COURT: Now that I have informed you in your
8 capacity as representatives of the corporate defendants of
9 your clients' rights, do you still wish to enter guilty
10 pleas on their behalf?

11 MR. ZIMROTH: Yes, your Honor.

12 On the basis of the corporate resolutions that
13 you have before your Honor, I am authorized to do that.

14 MR. FLEMING: Yes, your Honor.

15 THE COURT: All right.

16 As a representative of Marc Rich & Company, AG,
17 does your client understand that the maximum penalty under
18 the 38 counts of making false statements is \$10,000 per
19 count, or an aggregate maximum penalty of \$38,000?

20 MR. ZIMROTH: Yes, your Honor.

21 THE COURT: Mr. Fleming, as a representative of
22 Marc Rich and Company International, Ltd., now known as
23 Clarendon, does your client understand that the maximum
24 penalty under the 38 counts of making false statements is
25 \$10,000 per count, and that the maximum penalty under the

1 two counts of tax evasion is \$10,000 per count, plus the
2 cost of the prosecution, or an aggregate maximum penalty of
3 \$400,000, plus the cost of prosecution?

4 MR. FLEMING: Yes, your Honor. I believe there
5 has been a stipulation as to costs.

6 THE COURT: Has anyone threatened your client or
7 forced them in any way to plead guilty?

8 MR. ZIMROTH: There have been no threats, your
9 Honor.

10 MR. FLEMING: No, your Honor.

11 THE COURT: Has there been any agreement other
12 than that which was presented to this court at the outset
13 of this proceeding entered into between you or on behalf of
14 your clients and counsel for the government?

15 MR. ZIMROTH: All of the agreements are in the
16 documents that have been presented to you, your Honor.

17 MR. FLEMING: That is correct, your Honor.

18 THE COURT: Has anyone made any promise to you
19 or your clients other than in the agreement presented to
20 this court to induce you to plead guilty?

21 MR. ZIMROTH: No, your Honor.

22 MR. FLEMING: All the promises are reflected in
23 the agreement filed with the court.

24 THE COURT: Has anyone made any prediction,
25 prophecy, or promise to you or to your clients as to what

1 sentence I will impose?

2 MR. ZIMROTH: No, your Honor. All of the
3 agreements between the parties are in the documents before
4 you.

5 MR. FLEMING: The answer is no, your Honor.

6 THE COURT: Do your clients understand that
7 notwithstanding any other agreement I may impose the
8 maximum possible sentence?

9 MR. ZIMROTH: Yes, your Honor.

10 MR. FLEMING: Absolutely, your Honor.

11 THE COURT: All right.

12 Now, Mr. Zimroth, on behalf of your client would
13 you describe to me, please, for the record, what it is your
14 client did?

15 MR. ZIMROTH: May I defer to Mr. Fleming for the
16 moment, and ask that he speak first on this issue, and then
17 I will speak second?

18 MR. FLEMING: That was agreed upon by both
19 counsel with counsel for the government. Marc Rich and
20 Company International, Ltd. is the subsidiary and the U. S.
21 taxpayer, so we thought it appropriate if I made allocution
22 in the first instance.

23 Your Honor, in 1980 and 1981 Marc Rich and Co.
24 International, Ltd., which is now known as Clarendon, Ltd.,
25 and which I will refer to as International during the

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1 course of this allocution, was a wholly owned Swiss
2 corporate subsidiary of Marc Rich+ Co. AG which I will
3 refer to as AG.

4 International was doing business on a worldwide
5 basis, including the United States. Because of its United
6 States business, International filed United States federal
7 income tax returns for 1980 and 1981.

8 A substantial portion of International's United
9 States income in those years came from crude oil trading.

10 AG, Mr. Zimroth's client, which is a Swiss
11 corporation, is not an U. S. taxpayer and does not file U.
12 S. tax returns or pay U. S. taxes.

13 Beginning in September 1980 International
14 generated millions of dollars of income from crude oil
15 transactions which International should have disclosed but
16 intentionally did not disclose to the Internal Revenue
17 Service and the Department of Energy.

18 That income was ultimately transferred to AG in
19 Switzerland through transactions by AG with West Texas
20 Marketing and Listo.

21 Your Honor, the documents enumerated in counts 1
22 through 23, and counts 29 through 38 of the superseding
23 information were prepared in connection with those
24 transactions, as were the ERA 69 forms enumerated in counts
25 24 through 28 of the superseding information.

1 In connection with matters within the
2 jurisdiction of agencies of the United States, specifically
3 the Department of Energy and the Internal Revenue Service,
4 International and AG knowingly and wilfully made those
5 documents and the ERA 69s filed with the Department of
6 Energy which were false in that they failed to disclose
7 material facts regarding the actual income from those crude
8 oil transactions, in violation of Title 18, United States
9 Code, Section 1001, which is the charging statute of counts
10 1 through 38.

11 Your Honor, I heard Mr. Giuliani say that this
12 plea was to the evasion of \$48 million of taxes. I am not
13 here to contest the numbers contained in the indictment,
14 but I want to be clear, and the government has agreed to
15 this allocution, that the tax plea is based upon the
16 following allocution.

17 In addition, by knowingly and wilfully failing
18 to report at least \$50 million of taxable income generated
19 from these transactions for the years 1980 and 1981,
20 International committed income tax evasion for these years
21 in violation of Title 26, United States Code, Section 7201.

22 The charges of tax evasion are set forth in
23 counts 39 and 40.

24 Based on these facts, International pleads
25 guilty to each and every one of counts 1 through 40

1 contained in information SS 83 Cr. 579, which has been
2 filed with this court today, together with the other
3 agreements filed by Mr. Weinberg.

4 THE COURT: Thank you.

5 Mr. Zimroth.

6 MR. ZIMROTH: Yes, your Honor.

7 As you know, AG is charged only in counts 1
8 through 38 of this information, and AG adopts Mr. Fleming's
9 statements in connection with those counts.

10 On the basis of those statements, it hereby
11 pleads guilty to counts 1 through 38.

12 THE COURT: All right.

13 Is there any statement the government wishes to
14 make at this point?

15 MR. WEINBERG: Yes, your Honor.

16 Very briefly, we believe, your Honor, that the
17 allocutions have set forth a sufficient factual basis with
18 regard to the crimes that are charged, and the government
19 was prepared to prove at trial, your Honor, by overwhelming
20 evidence, the charges that are contained in the superseding
21 information.

22 We would have proved these charges largely
23 through the testimony of employees and former employees of
24 the corporate defendants.

25 We would have established at trial that at least

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1 \$100 million worth of taxable income was hidden, that much
2 of this income was earned illegally in violation of legal
3 regulations which restricted the amount of profit during
4 the energy crisis that crude oil resellers were allowed to
5 earn during that period of time, that this income was
6 covered up and concealed through the preparation of the
7 false invoices that are set forth in the superseding
8 information, that the income was hidden in what were called
9 pots at West Texas Marketing and Listo for the
10 International and the income was ultimately sent offshore
11 to AG through a series of sham transactions, the invoices
12 of which form the basis of the counts the corporate
13 defendants pled guilty to today.

14 Ultimately, the government was prepared to prove
15 that as a result of this activity International evaded \$50
16 million worth of taxes in 1980 and 1981.

17 Thank you, your Honor.

18 THE COURT: Does counsel for the corporate
19 defendants agree with the government's summary of the
20 evidence?

21 MR. FLEMING: If your Honor please, I have
22 given allocation on behalf of Clarendon. I have noted,
23 your Honor, with regard to tax evasion counts, the failure
24 to report at least \$50 million of taxable income.

25 I stand on that allocation, which was discussed

1 with the government.

2 THE COURT: I accept that.

3 MR. ZIMROTH: I adopt that statement.

4 Our plea of guilty is based on our allocution
5 and not on the government's statement, your Honor.

6 THE COURT: All right.

7 I now indicate that I find that on behalf of
8 Marc Rich Company AG and Marc Rich Company International
9 Ltd., now known as Clarendon Ltd., you are competent to
10 plead, that you are aware and understand your rights, and
11 that these pleas are voluntary.

12 Therefore, I accept these pleas.

13 At this point we will proceed with the
14 allocution of Mr. Meltzer.

15 MR. AUERBACH: Good morning, your Honor. Martin
16 Auerbach for the government.

17 I believe your Honor has already received a copy
18 of superseding information SSS 83 Cr. 579, which charges
19 Mr. Meltzer with one count of making false statements to
20 the IRS in violation of 26 U. S. C. Section 7206(2).

21 At this time we would ask that we proceed.

22 THE COURT: All right.

23 Will you swear the defendant, please.

24 (Defendant sworn.)

25 THE COURT: Mr. Meltzer, the Court is informed

1 you wish to plead guilty this morning.

2 MR. MELTZER: That is correct.

3 THE COURT: Before I accept such a plea there
4 are a number of questions I must ask you to ascertain
5 whether your plea is valid.

6 If you do not understand any of these questions
7 or at any time wish to consult with your attorney, please
8 say so, since it is essential to a valid plea that you
9 understand each question before you answer it.

10 BY THE COURT:

11 Q. Mr. Meltzer, how old are you?

12 A. 38.

13 Q. And how many grades have you completed in school?

14 A. Through college.

15 Q. Is there any problem about your being able to
16 communicate with your attorney?

17 A. None whatsoever.

18 THE COURT: Mr. Lawler, have you encountered
19 any problem in communicating with your client?

20 MR. LAWLER: None, your Honor.

21 BY THE COURT:

22 Q. Have you taken any drugs, medicine, or pills or
23 drunk any alcoholic beverages in the past 24 hours?

24 A. No, your Honor.

25 Q. Do you understand what is happening here today?

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1 A. Yes.

2 THE COURT: Is there any question as to the
3 defendant Meltzer's competence to plead here today?

4 MR. AUERBACH: None that the government is aware
5 of, your Honor.

6 THE COURT: In that event, I make a finding for
7 the record that the defendant Meltzer is competent to plead.

8 BY THE COURT:

9 Q. Now, you have an attorney, Mr. Lawler?

10 A. Yes.

11 Q. And you have discussed your case with Mr. Lawler?

12 A. Yes.

13 Q. Do you feel you have discussed it adequately
14 with him?

15 A. Yes, I have.

16 Q. Are you satisfied with your attorney's
17 representation?

18 A. Yes.

19 Q. I am now going to ask you a series of questions
20 to make sure you understand your constitutional rights.

21 Do you understand that under our constitution
22 and the laws of the United States you are entitled to a
23 trial by jury on the charges contained in this information?

24 A. Yes.

25 Q. Do you understand that at that trial you would

be presumed to be innocent and the government would be required to prove you guilty by competent evidence beyond a reasonable doubt before you could be found guilty, and that you would not have to prove you were innocent?

A. Yes.

Q. Do you understand that in the course of that trial the witnesses for the government would have to come to court and testify in your presence and your attorney could cross examine the witnesses for the government, object to evidence offered by the government, and offer evidence in your behalf?

A. Yes.

Q. Do you understand that at that trial, while you would have the right to testify if you wanted to do so, you also would have the right not to testify, and that no inference or suggestion of guilt could be drawn from the fact that you did not testify?

A. Yes.

Q. Do you understand that you have a right to be represented by an attorney at every stage of these proceedings?

A. Yes.

Q. And you have been so represented?

A. Yes, I have.

Q. Do you understand that the government would have

1 to prove its case against you beyond a reasonable doubt to
2 all of the jurors?

3 A. Yes.

4 Q. If you plead guilty, and I accept your plea, do
5 you understand that you will waive your right to a trial
6 and all the other rights I have just discussed, there will
7 be no trial, and I will enter a judgment of guilty, and
8 sentence you on the basis of your guilty plea after
9 considering a presentence report?

10 A. Yes.

11 Q. If you plead guilty, and I accept your plea, do
12 you understand that you will also have to waive your right
13 not to incriminate yourself since I may ask you questions
14 about what you did in order to satisfy myself that you are
15 guilty as charged, and you will have to acknowledge your
16 guilt to me?

17 A. Yes.

18 Q. Now that I have told you your rights. Do you
19 still wish to plead guilty?

20 A. Yes, I do.

21 MR. LAWLER: May I point out the information
22 has not been filed as of this moment.

23 MR. AUERBACH: Your Honor, I believe a copy of
24 the information has been handed up to the clerk of the
25 court, and at this time we would ask it be officially filed.

1 THE CLERK: I have it.

2 THE COURT: Any further question about that?

3 MR. LAWLER: There is no question. I didn't
4 know whether your Honor wanted to follow up to make sure
5 that the waiver of the indictment was voluntary, such as
6 your Honor did with the corporations.

7 THE COURT: Why don't we conclude this and
8 proceed to the other?

9 MR. LAWLER: Fine.

10 BY THE COURT:

11 Q. You have received a copy of the information?

12 A. Yes.

13 Q. And you have discussed that information with
14 attorney?

15 A. Yes.

16 Q. And you have discussed the specific charges in
17 the information to which you are pleading guilty?

18 A. Yes.

19 Q. Do you want to have that information read to you
20 now?

21 A. No.

22 Q. You understand the charges in that information?

23 A. Yes, I do.

24 MR. AUERBACH: Your Honor, you might also advise
25 the defendant as to the maximum penalties to which he is

subject.

THE COURT: I will do so. I want to make sure there is no further problem.

BY THE CLERK:

Q. Mr. Meltzer, have you signed the waiver of indictment?

A. Yes, I have.

Q. Before signing it did you discuss it with your attorney, and did he explain it to you?

A. Yes.

Q. Do you understand you are not obligated to waive the indictment?

A. Yes.

Q. Do you understand that if you do not waive the indictment and the government wanted to proceed against you they would have to present your case to a grand jury which might or might not indict you?

A. Yes.

Q. Do you realize by signing this waiver you have given up your right to have your case presented to the grand jury?

A. Yes.

THE COURT: All right.

BY THE COURT:

Q. Mr. Meltzer, do you understand that you are

1 pleading guilty to one count of making a false statement to
2 the Internal Revenue Service?

3 A. Yes.

4 Q. And that the maximum penalty is 3 years in
5 prison, \$5000 fine, plus the costs of this prosecution?

6 A. Yes.

7 Q. Has anyone threatened you or anyone forced you
8 in any way to plead guilty?

9 A. No.

10 Q. Has there been any plea agreement entered into
11 between you and counsel for the government?

12 MR. LAWLER: I believe Mr. Auerbach will state
13 our agreement.

14 MR. AUERBACH: It is very brief.

15 First, we have agreed there will be no further
16 prosecution with respect to the charges in the underlying
17 indictment, if Mr. Meltzer pleads guilty to the information.

18 Second, we will not make a recommendation as to
19 the length or type of sentence which should be imposed on
20 Mr. Meltzer.

21 However, third, we reserve the right to bring to
22 the Court's attention all facts which are relevant to his
23 sentencing and reserve the right to respond to any
24 post-sentencing motions he may make.

25 There are no other understandings beyond that.

and

30

1 THE COURT: Is that correct, Mr. Lawler?

2 MR. LAWLER: That is correct.

3 BY THE COURT:

4 Q. Have there been any promises other than the plea
5 agreement that induced you to plead guilty?

6 A. No.

7 Q. Has anyone made any prediction, prophecy, or
8 promise to you as to what your sentence will be?

9 A. No.

10 Q. Do you understand that any recommendation of
11 sentence agreed to, or any agreement that the prosecution
12 will not oppose your attorney's request at sentence, or
13 anyone's predictions, are not binding on the court and that
14 you might on the basis of your guilty plea receive up to
15 the maximum sentence that I described to you earlier?

16 A. Yes.

17 Q. Mr. Meltzer, will you explain to me in your own
18 words what it is you did and how you violated the law?

19 A. Your Honor, in 1980 I was vice president in
20 charge of crude oil trading for Listo Petroleum located at
21 Houston, Texas.

22 In my capacity as vice president of crude oil
23 trading I engaged in crude oil transactions with Marc Rich
24 and Company International Ltd.

25 I caused Listo employees to prepare false

1 invoices which made it appear that International had
2 purchased crude oil from Listo at a higher market price
3 than that which Listo was to retain. Listo was paid the
4 higher price by International and Listo held the difference.

5 These moneys were ultimately transferred to Marc
6 Rich & Company, AG, in Switzerland through transactions
7 with AG.

8 I understood that the information contained in
9 the invoices would affect International's cost of goods
10 sold as ultimately reflected in International's corporate
11 tax returns.

12 Based on these facts, I plead guilty to the one-
13 count information charging a violation of Title 26, United
14 States Code, Section 7206(2).

15 THE COURT: All right.

16 Mr. Auerbach,, would you give me a summary of
17 what the government's evidence would be in this case?

18 MR. AUERBACH: Yes, your Honor.

19 The government would have offered evidence to
20 prove all of the facts that Mr. Meltzer has just outlined.
21 Included among that would be testimony of employees of Marc
22 Rich+ Co. International, testimony of employees of Listo
23 Petroleum, as well as the various documents themselves
24 which were prepared to conceal and ultimately transfer out
25 of the United States approximately \$50 million of the

1 illegal income which Mr. Weinberg alluded to with respect
2 to International and AG.

3 THE COURT: Mr. Lawler, do you agree with that
4 summary?

5 MR. LAWLER: Your Honor, the plea is based upon
6 the allocution Mr. Meltzer has given.

7 THE COURT: You do not wish to say anything
8 further?

9 MR. LAWLER: Well -- I do not wish to say
10 anything further.

11 THE COURT: All right.

12 Mr. Meltzer, how do you plead to the charges
13 against you?

14 MR. MELTZER: I plead guilty.

15 MR. LAWLER: It is a single charge, your Honor.

16 THE COURT: I find that you are competent to
17 plead, that you know your rights, and that your are plea is
18 voluntary.

19 Therefore, I accept your plea of guilty.

20 I will set December 15 as the date --

21 MR. LAWLER: In looking at my diary the 15th is
22 a Saturday. Could we have the 17th instead?

23 THE COURT: Let's be certain that date is
24 available.

25 (Pause)

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THE COURT: December 17 at 10 a.m..

I will order a presentence report.

MR. AUERBACH: In light of that fact I assume you have, of course, found there is a factual basis for Mr. Meltzer's plea.

THE COURT: Yes. I would indicate so.

MR. WEINBERG: If I may, your Honor, at this time we would ask that, one, Mr. Meltzer be dismissed, and he can go down to probation to do what he has to do, and, secondly, we would ask for a very short adjournment before the sentencing of AG and International, which I believe can proceed very shortly while we execute some documents.

THE COURT: All right.

Mr. Lawler, will you accompany your client to the office of probation, please.

It is now approximately 10:30. We will return at 11.

Does that give you adequate time?

MR. WEINBERG: That's too much.

If we could take 15 minutes, that would be satisfactory.

THE COURT: 10:45.

MR. FLEMING: If your Honor please, I am sorry, but I am presently engaged on trial before Mr. Justice Baer in New York County. It may be that I will not be able to

1 return for the --

2 THE COURT: Is there someone else from your
3 office?

4 MR. FLEMING: There is Mr. Lenihan from my
5 office.

6 THE COURT: Thank you very much, Mr. Fleming:

7 MR. FLEMING: Thank you, your Honor.

8 (Recess)

9 THE COURT: On the consent of all parties we are
10 going to proceed with the sentencing at this point.

11 Is there something that defense counsel wishes
12 to indicate to the court?

13 MR. ZIMROTH: Yes.

14 If I may just begin on a personal note, not
15 having to do with the sentencing, as you know this has been
16 a very long and arduous case for counsel, and I want to
17 thank your Honor for her indulgence and her patience. You
18 have certainly made it much easier for us to proceed in
19 this matter, and I know I speak for all the attorneys who
20 have appeared before you in this matter and most especially
21 for my senior partner, Boris Kostelanetz, and Jack Tighe,
22 sitting here. I know I speak for all counsel sitting
23 before you in this matter.

24 THE COURT: May I reciprocate and say I in turn
25 have appreciated the high standard of professional and

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1 courteous personal conduct on the part of counsel. Mr.
2 Auerbach, Mr. Weinberg, Mr. Giuliani, have really behaved
3 in a way professionally and personally I greatly
4 appreciated, and that certainly is true of all the defense
5 counsel as well.

6 It has made a very difficult situation a great
7 deal easier.

8 MR. ZIMROTH: Now to proceed the the question of
9 sentence, your Honor, I could stand here and discuss with
10 your Honor the defendant's view of this case and comment on
11 what Mr. Weinberg said this morning in his statement.

[]
12 I think, however, that that would be counter
13 productive, it would invite a response and counter
14 responses and we would end up with a mini trial on this
15 question of sentencing, especially counter productive for
16 my client because, as I am sure is evident from the
17 voluminous documents that appear before you in this matter,
18 our goal in entering into this settlement was to put an end
19 to the disputes that are before your Honor, and indeed not
20 only to put an end to the dispute in the criminal case but
21 civil matters as well, all which is set forth in the papers.

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22 Everything, virtually everything, in the
23 settlement of this case has been negotiated with the
24 government, including the allocution, the timing of filings,
25 and so forth.

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1 Again, as it should be obvious to your Honor
2 from the reading of the papers, our goal is to put disputes
3 behind us and to go about the business of doing business on
4 a worldwide basis free of the restraints that have
5 previously been imposed.

6 The government in Paragraph 15 of the memorandum
7 of understanding as set forth in that agreement agreed to
8 that provision.

9 It is in that spirit, your Honor, of avoiding
10 further disputes that my client is prepared to commend to
11 your Honor the imposition of a \$10,000 fine on each count
12 of the information, which as your Honor knows this morning
13 is the maximum allowable fine under the law.

14 With that statement, I will forebear from
15 commenting further on any of the statements made earlier
16 this morning and simply reserve, if I might, a minute or
17 two to respond to anything government counsel might say.

18 THE COURT: Is there anyone here from Mr.
19 Fleming's office who wishes to speak?

20 MR. LENIHAN: Yes.

21 As you know, Mr. Fleming is presently conducting
22 trial before Justice Baer, and in his stead, I would like
23 to say on behalf of Clarendon I fully adopt Mr. Zimroth's
24 statements wholeheartedly.

25 Thank you, your Honor.

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1 THE COURT: Does the government have any
2 recommendation as to sentence?

3 MR. WEINBERG: We do.

4 THE COURT: Do you have a bill of costs?

5 MR. WEINBERG: Yes, your Honor.

6 Given the extent of these crimes that were
7 committed by these two corporations, along with their
8 fugitive principals. Marc Rich and Pincus Green, which
9 have been characterized as the largest tax evasion tax
10 fraud case in the history of the United States, stealing
11 \$18 million, tax money most of which was illegally earned
12 in violation of various energy regulations during the
13 energy crisis, we believe and endorse what Mr. Zimroth said
14 as to the effect that nothing less than the maximum fines
15 are appropriate in this case.

16 Therefore, we urge your Honor to impose the
17 maximum fine of \$38,000 on AG, the maximum fine of \$400,000
18 on International, and approve the bill of costs which has
19 been stipulated to for International which is --

20 THE COURT: What's the amount of the bill of
21 costs?

22 MR. WEINBERG: \$32,847.03.

23 THE COURT: How do you arrive at that total?
24 What does that include?

25 MR. WEINBERG: There are limited statutory costs

1 permitted under Title 26 for tax evasion pleas, so the
2 costs consist of various witness fees, cost of preparation
3 of charts for trial, fees of court reporters for various
4 proceedings, and some reproduction costs, all of which
5 comes to the bottom line amount.

6 Your Honor, I will hand up to you the stipulated
7 bill of costs which we ask your Honor to sign, and date,
8 and as well the original memorandum of understanding which
9 is the basis for this plea which has been signed by all the
10 parties, and we ask your Honor to so order that so it can
11 be filed as a court document with the clerk's office.

12 THE COURT: All right.

13 Is there anything further?

14 MR. ZIMROTH: Yes, just briefly.

15 Mr. Weinberg in his statement used the word
16 fraud, tax fraud, and I just wanted to say this, your Honor,
17 that as I said earlier everything about the settlement has
18 been negotiated including the charges, the allocution, and
19 the information, and I think you will see if you look at
20 the information the word fraud is no where in the charges
21 filed against us, nor in our allocution, and if you compare
22 the original indictment with the information you will see
23 that that was a purposeful omission.

24 Also, as is evident from the paper before you
25 the wire fraud and the mail fraud counts have been dropped

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1 and substituted for those counts dealing with filing false
2 statements with the government.

3 Having said all of that, I do not wish to
4 retract what I said earlier. We do not wish to prolong
5 long this for a further moment in disputes with the
6 government, and I do not withdraw from the statements I
7 made earlier concerning the fine.

8 THE COURT: I am not going to address myself to
9 that at all. I am not going to make any further comment.

10 I have heard counsels' statements and considered
11 them, and I am going to proceed to impose the maximum
12 sentence.

[]
13 AS regards Marc Rich & Company, AG,, \$38,000
14 fine.

15 AS regards Marc Rich and Company International
16 Ltd., now known as Clarendon Ltd., \$400,000 fine, plus the
17 total costs of the prosecution.

18 I am going to so order this memorandum agreement,
19 and make that part of the record.

20 What about the indictment, the parts of the
21 indictment that refer to the corporate defendants?

22 MR. WEINBERG: We would ask your Honor to
23 dismiss those counts in the underlying indictments which is
24 in the original indictment 83 Cr. 579 and superseding
25 indictment S 73 Cr. 579.

1 We would ask your Honor to dismiss those counts
2 as to AG and International only, making it clear that,
3 obviously, there continue to be outstanding charges in
4 those indictments against the fugitive defendants Marc Rich
5 and Pincus Green, and until sentencing of Mr. Meltzer the
6 counts that are in those indictments as to him at which
7 time we will make a similar application as to those counts
8 regarding Mr. Meltzer and the underlying indictments.

9 THE COURT: Very well. The application is
10 granted as to the corporate defendants, and the charges
11 against the fugitives, Marc Rich and Pincus Green, remain
12 in effect, as does the bench warrant that I have issued for
13 those defendants.

14 MR. LENIHAN: Your Honor, is it dismissed with
15 prejudice?

16 THE COURT: Yes.

17 I think that this concludes this proceeding.

18 Thank you very much

19
20 - - - I (We) hereby
21 is a true and
22 of my (our) skill
23 stenographic

Murray Reuteck
Official Court Reporter
U. S. District Court

Ma'ariv Weekend Magazine "Sof Shevua", October 1st, 1999

A first exclusive interview with Marc Rich: the version of the billionaire wanted by the FBI
Rich as Korach¹
 Bo'az Ga'on, Luzern

The American billionaire of Jewish extraction Marc Rich is a wanted man: in Israel he is wanted for his money and Habima, the Cameri Theater, Beit Tzvi, the Tel-Aviv Museum, the Israel Museum, the Ha'aretz Museum, the Israel Philharmonic Orchestra and many hospitals are among the beneficiaries of his generosity; in the U.S. he is wanted by the FBI for tax evasion, fraud and trading with an enemy country. Rich, who resides in Switzerland, refuses to return to the United States to stand trial. He is convinced that years of hostile media coverage, his Jewish origins and the eagerness of the judicial system to convict him will jeopardize his chances of getting a fair trial. In a first and rare interview with an Israeli newspaper in particular and with the media in general, Rich relates to Ma'ariv Weekend Supplement reporter Bo'az Ga'on how he lives and feels, after his country cruelly denied him the opportunity to visit his daughter dying of leukemia and prevented him from attending her funeral.

(Photograph by Avner Azulay: Villa Rose, Marc Rich's home in Meggen, Switzerland. A private beach on Lake Luzern, original works by Van Gogh, Monet and Picasso and video-cameras monitoring visitors.)

The big and luxurious Volvo of the ex-Mossad operative in Beirut, Avner Azulay, sped along the smooth highway along the shores of Lake Luzern. The cool Swiss sun was slowly fading behind the mountaintops and the windscreens of the cars, making their way from Luzern to the surrounding villages, reflected its golden rays. Azulay blinked behind his thick sunglasses.

"Let me tell you something about Marc Rich", Azulay lowered the volume of Mozart playing on his expensive stereo system. "I have the impression that, behind the tough image, he is a very sensitive, warm-hearted person, who is deeply concerned for people who have been unlucky in life. When I asked him to define his policy for managing his foundations, he replied: 'I want to help people who have had no luck in life. I would like to give back part of what I have earned to the society from which I came'".

A ninety minutes drive from Luzern, on the outskirts of the picturesque township of Meggen, Azulay gently braked and made a sharp left turn. Passing a sign marked "Villa Rose", we drove up a private road until we reached an electric gate. "It's Mister Azulay", said Azulay to the electronic camera, as he took off his shades. The gate slowly opened. The front door to the house opened quickly. The chief housekeeper brought Azulay a cup of his favorite coffee. Azulay left his coffee in the living room and took me on a short tour of the chateau.

"This is where Marc Rich lives". Azulay showed me a huge residence with a private beach on Lake Luzern; with cream-colored walls adorned with original works of Van Gogh, Monet and Picasso; behind me the video cameras monitoring the visitors.

Marc who? Marc Rich.

Rich paid for compensation to the victims of Ras Burka

Very few people are aware of the fact that, in the course of the last 15 years, Marc Rich was the biggest donator to artistic and cultural institutions in Israel. A partial list of his beneficiaries: the Nissan Netiv Acting Studio; the Be'er Sheva Theater; the Beit Tzvi Acting School; the Geshar Theater; the Habima Theater; the Haifa Theater; the IPO; the Khan Theater in Jerusalem; the Bat Sheva Dance Company; the Ha'aretz Museum; the Tel-Aviv Museum; the Cameri Theater.

The Tel Aviv Cinematheque, sponsored by Marc Rich, received a donation of a million dollars. The Israel Museum decided they wanted to open another wing, so Marc Rich donated 1.4 million dollars. The Sha'arei Tzedek Hospital urgently needed medical equipment, so Marc Rich contributed 1.1 million dollars.

¹ Korach is the Hebrew name of Croesus, king of Lydia, of fabulous wealth

Rich works through two foundations: the Doron Foundation and the Rich Foundation. Ex-Mossad operative Avner Azulay manages the foundations – from behind an anonymous door in Asia House.

Up to 1997 Rich's donations in Israel – through the Doron Foundation – totaled 27.7 million dollars. His contributions towards the strengthening of the ties between Israel and the Diaspora through the Rich Foundation amounted to 20 million dollars.

All the beneficiaries of the above-mentioned funds through Rich's Israeli representative are aware of the facts. Others also, especially those dependent for support on Israel's destitute arts scene, but for the average Israeli the name Marc Rich does not ring a bell. 'It sounds familiar somehow, I'm not quite sure'. Besides his well-known largesse, it is doubtful whether anybody realizes that it was Marc Rich who financed the payment of compensation to the Israeli families of the victims of the Ras Burka incident.

Attorney Len Garment, a close friend and one of the last of those who were involved with ex-President Richard Nixon in the Watergate affair, was the official American intermediary between Egypt and Israel; he approached Rich and requested his help. Rich consented and forked over 400 thousand dollars.

Following is a quotation from a personal letter sent by Osama El-Baz (the Egyptian Assistant Minister of Foreign Affairs at the time) to Len Garment on the conclusion of the affair:

"I am pleased that during the past weekend we were able to finalize the last details of the Ras Burka incident. The assistance we received from your European partner was a critical factor for solving the controversy on Ras Burka last year. We wish to express our gratitude, to you also, especially in view of the fact, that, one week later, the solving of the Ras Burka issue helped create the climate contributing to the solving of the difficult controversy surrounding the Taba issue. I want you to know that Mr. Mubarak greatly appreciates your input and your substantial contribution to helping the two sides to finalize this matter".

Following is a story known only by those people who were in the know on an "eyes only" basis: Marc Rich helped the State of Israel finance the 'aliya' of the Ethiopian Jews. Rich also contributed to and helped bring over Jews from Yemen.

He is a personal friend of Zubin Mehta, who, about a month ago, paid him a visit at his residence.

Rich is an infrequent visitor to Israel. Whenever he comes here, once a year or so, ex-Prime Ministers, Ministers and Mayors come to see him at the King David Hotel in Jerusalem, all of them trying to convince him to invest in a forthcoming exhibition, in a planned building, in a promising performance or in an historical project with all the required authorizations, even the blessing of the Ministry of Education and Culture. However, the Ministry of Education and Culture, or the Ministry of Finance, or the Ministry of Housing and Construction, wish to inform the parties involved that the budget for the coming year has run out.

Rich listens, takes decisions and passes everything on to his executive director, Avner Azulay, to work out the details.

They called him "a financial gladiator" and "a shady character"

Unlike other big donors, the Ministers and Mayors who meet with Rich are in no hurry to advertise the fact of their meetings with him. Rich remains anonymous. You won't find photographs of him in the archives of the press enjoying a drink with the country's elite and their spouses. Nobody catches him having a good laugh at a joke he heard from Ron Lauder, Jean Friedman or Danny Abrahams. There are several reasons for this.

Marc Rich does not contribute to election campaigns. Rich is known to jealously protect his privacy. Except for one interview, many years ago, to a Spanish paper (that was held by fax), Rich does not give interviews. He doesn't like it, he doesn't think it's important, especially since, over the last 20 years, the media have given him a very hard time.

They called him all kinds of names: "a financial gladiator"; "a cruel businessman"; "a shady character". They wrote that he laundered drug money in Russia and loaned money to Saddam Hussein. Rich did not respond. And above all – the FBI and Interpol have been trying to get their hands on Marc Rich for the last ten years, accusing him of tax-evasion, fraud and trading with an enemy country (Iran).

The indictment: concealing 84 million dollars from the tax authorities

He was born in Antwerp, Belgium, as Marc Reich, the son of David Reich, a businessman originally from Germany. Until the outbreak of WWII the family lived a relatively peaceful life.

One night the Reich family woke up to the sound of bombs exploding over the Antwerp docks. Father Reich bundled his family into their car and fled to France. Unlike many others, Reich did not stop until the wheels of his car had left the European continent. In the early forties the Reich family made their way to the United States.

David Reich started building up his fortune engaging in commerce in Kansas City. After he had amassed sufficient funds, the family moved to New York. Young Marc attended a Jewish school in Queens.

After he studied for a degree in Business Management at New York University, Marc (who had changed his name to Rich) joined the Phibro trading firm. His promotion in the firm was meteoric. It was there he patented the invention of the spot market, a system allowing the rapid pinpointing of a demand for oil anywhere in the world.

In 1974 Rich left the company, slamming the door behind him. He claimed that Phibro owed him money, following huge profits they made on sales of Iranian oil, purchased just before the Gulf states declared an oil embargo on the West, on the eve of the Yom Kippur War. Phibro, on the other hand, were outraged by Rich's taking with him classified information to his new company, which he set up together with other employees (senior among whom was Pincus Green, an orthodox Jew).

In the early eighties everything seemed just perfect. Rich and his friends were young, hungry and aggressive; the growth of their business was spectacular; American oil companies began losing customers to the new kids on the block, who were willing to do almost anything in order to succeed. They cut prices, flew all over the world and worked 19-hour days. In 1982 everything started to fall apart.

In the seventies the American oil market was a Wild West of transient companies, sting operations and Texas oil giants, who could not figure out how the market – once their monopoly – was slipping through their fingers and was being taken over by foreigners. President Carter tried to sort out the mess. He determined that every company would get a PAM – an authorized average price.

An especially complicated system of laws separated between taxation of old oil (pumped by companies established prior to '72), new oil (pumped by companies after '73) and stripper oil (marketed by companies producing ten barrels of oil a day or less). This gave the veteran companies a distinct advantage.

Immediately after the authorization of these regulations, companies looked for ways and means to bypass these laws. Tax experts made a lot of money thinking up legal means to continue selling oil while paying less taxes. The American Justice Department waited patiently in the wings.

In 1982 John Trulland, the general manager of WTM (West Texas), confessed to offences in connection with false registration of oil deals. As part of a plea bargain, Trulland confessed that he had business dealings with, inter alia, Marc Rich International and AG and that these companies evaded full payment by handling oil deals outside the United States.

In September 1983, after a strenuous investigation, a criminal indictment was filed against Rich International, Marc Rich and Pincus Green. The indictment was filed by the attorney general of New York's southern precinct, who would one day become the Mayor of New York, Rudolph Giuliani. Giuliani decided to make an example of the Rich case. To bring him to trial he used the RICO, a legal system established to eliminate organized crime in America.

The indictment included the following felonies: tax evasion, fraud and misdemeanors of trading with the enemy (for oil deals with Iran during the American hostage crisis). The indictment specified the amount of 84 million dollars of unpaid taxes.

Rudolph Giuliani against Marc Rich

Just before the collapse of his business following an edict freezing all his assets, a compromise agreement was reached. The AG company confessed to having made a false statement and to tax evasion, and it paid 200 million dollars to the United States government. In exchange, the government withdrew the edict freezing the company's assets and the ban prohibiting the company from doing business in the US. All that remained was solving the matter of the criminal indictment against Marc Rich and Pincus Green.

Rich sought to make a compromise with the American government. His American lawyers warned him that this was the worst thing he could do. They told him that the American government only understood the use of force. As a result, the Rich camp and the Giuliani camp clashed head-on. The results were disastrous.

Rich's lawyers refused to carry out an order by the American court to hand over all the company's documents from Switzerland. Judge Leonard Sand ordered that, unless the documents were handed over, the company would have to pay a fine of 50 thousand dollars a day. The lawyers continued trying to manipulate the situation.

Time went by; the fines kept on growing, and the local New York papers had a field day. The Giuliani-Rich war had everything: a good (American) sheriff, the bad guy - a (non-American) businessman and a great deal of oil.

The affair reached a climax after a report appeared in the American press about a Swissair flight from the United States, that was prevented from leaving for Switzerland, after which two suitcases full of documents were unloaded. Rich claimed there wasn't a grain of truth in the whole affair, and that the above were copies of original documents already in the possession of the American authorities.

Judge Sand was annoyed by the delaying tactics of Rich and his lawyers and he took out his anger by rejecting all their appeals. The affair was called "one of the largest cases of tax evasion in the history of the United States"; the faces of the judge, the prosecutor and the defendant were known to every Tom, Dick and Harry and everybody was waiting for the day Marc Rich would enter the court room and get his come-uppance.

During all this time Marc Rich was staying at his residence in Switzerland, which refused to extradite him to the U.S., and he was very angry - at Giuliani, at himself, but most of all at his lawyers. Since then 15 years have gone by and nothing has changed. The American indictment and the extradition warrant are still valid; Rich refuses to turn himself in; the American authorities are unwilling to withdraw the criminal indictment.

At the moment the extent of Rich's business affairs are evaluated at 33 billion dollars.

In June 1994 the Israeli attorney general at the time, Michael Ben-Ya'ir, was asked to respond to a request for Rich's extradition on behalf of the American government. Ben-Ya'ir replied that the extradition agreement between Israel and the United States did not include fiscal offenses, same as in Switzerland and Spain. Israel rejected the American extradition request as invalid.

His daughter Gabrielle died of leukemia four years ago

Marc Rich's offices are situated less than ten minutes drive from his pastoral home in the small town of Meggen, in a modern glass and aluminum palace in the township of Zug. There is no guard or information desk at the entrance. Rich's name is indicated only in the elevator. The entrance is from the third floor. I accompanied Azulay straight up to the fifth floor, where the top management has its offices.

The wall and the doors are plain and the only indication that the floor is not deserted are two electronic triangles with an intercom button. The door opens and we are led to Marc Rich's office.

His office is very spacious, but not ostentatious. As Rich sits behind his heavy desk, he can observe a long shelf adorned with photographs of his wife, his three daughters and his parents. The photograph of his daughter Gabrielle stands out slightly, situated nearer the edge of the shelf. She died of leukemia four years ago, at the age of 29, in a New York hospital. Rich requested permission from the American authorities to come and visit his sick daughter. The Americans refused. He was not at her bedside as she was dying, nor was he present at her funeral, just as he could not attend the funeral of his father, who also died in the States.

The long shelf in his office boasts enlargements of photographs of Rich's daughters embracing Al Gore and Bill Clinton. These photographs were taken during a fund-raiser for leukemia research.

Rich received us at the appointed time. He is slightly bent and somewhat red-faced, speaking quietly with a German accent. He led us to his private dining room. That is where the interview took place - between dishes of pate de foie gras on a base of Italian risotto and calf prepared in wine.

This is the first personal interview Marc Rich has given in the last 20 years, including his first version to the indictment that has been haunting him for 15 years. During the interview I tried to find out why he doesn't terminate the affair by turning himself in to the American authorities.

"An especially nasty article was published in Israel" (headline)

You didn't give interviews for over 20 years. Why is that?

"It's a matter of personal taste. I don't think publicity is important. What's important are the facts on the ground. Obviously I am very unhappy with the things they wrote about me. I have hardly ever been interviewed, enabling all kinds of people to write things about me based on all kinds of ideas they had or things they thought or heard. After all, reporters write copy that will sell their newspaper and they look for dramatic topics. You sell more newspapers if you write: 'This man beats his wife'. You won't sell a damn thing if you write: 'This man is a devoted husband'.

"From among all things written about me, one of them especially stands out. I refer to the old case in the States, which started in '82. This case was blown up out of all proportion and it got a great deal of publicity. This was one of those cases that reporters tend to home in on. I was very sorry about the publicity in the press. Why? Because there are so many other, positive things to write about".

Do you think that you honestly and truly tried to refute the things written about you? After all, you chose to stay out of the limelight, you didn't react to appeals and you acted as if you couldn't care less about what they wrote about you.

"I don't think it's possible to change impressions created by the media. If somebody asks you: You don't beat your wife, right? You can answer this question again and again for over 20 years, and it won't change a thing. You will always have the image of somebody who beats his wife. Otherwise they wouldn't have asked you this question.

"The other reason for my decision not to give interviews was my wish to see things calm down. I didn't want to fan the flames. In the early days of the trial everything was hot and there was a lot of publicity. I figured that it was better to keep quiet and let matters cool off.

I remember one particularly nasty article published in Israel about a year ago. Here I am, after years of trying to do good things for Israel, and one day a reporter turns up and twists everything around, as if I was some kind of devil or I don't know what".

Rich is referring to an article by Hanna Kim of Ha'aretz from May '98, which dealt with Rich's donation of three million dollars for the opening of a new wing at the Tel-Aviv Museum. The wing, to be opened in about a month, will be named after his late daughter Gabrielle. The headline of the article that aroused Rich's ire: "The Tel-Aviv Museum is naming a wing after a fugitive from the United States". To set the record straight, Ha'aretz gave Prof. Mordechai Omer, the curator of the museum, the opportunity to publish a response to Kim's article a week later.

Did you speak to the reporter? Did you try and rectify the impression?

"No". **Why?** "I told you already. The way things are, negative topics get publicity, not positive ones. Four years ago I lost a daughter to cancer. She had leukemia. At a meeting in Tel-Aviv with Roni Milo, the option of financing a new wing in the Tel-Aviv Museum came up. My daughter loved art and I thought it would be appropriate. I agreed to the proposal to name the new wing after my daughter. To write about the opening of a new wing at the museum the way the Ha'aretz reporter did is just garbage".

In other words, you still read material written about you? "Yes".

That's rather surprising, considering your views on the media. "I read the papers just as you would read something written about you. But I'm telling you, of all the stuff written about me over the years, maybe ten percent is correct and 90 percent is not".

"I don't think this juridical situation will ever be resolved" (headline)

In 1982 an indictment was filed against you in an American court of law, which included the following clauses: avoidance of tax, fraud and trading with an enemy contrary to the American embargo. "I'm convinced that the fact that I was a foreigner and a relative newcomer on the oil-trading market and Jewish influenced the manner in which my case was handled. Without getting into the complicated legal details of the indictment, which is still pending, I can tell you that it concerns an alleged violation of particularly complicated regulations in the energy field, which at the time caused a lot of problems to a lot of people,

some of whom did not quite understand the complexity of those regulations. These regulations were cancelled after President Ronald Reagan entered the White House. "I was successful, I was Jewish, the whole affair attracted a lot of publicity and the whole matter got out of control. To be honest with you, I am sure that we also made mistakes, which only added to the negative press we got. One of my mistakes was choosing the wrong lawyers. I wanted to try and talk to the prosecution, but the lawyers told us that we had to stonewall and confront them head-on. That was a mistake that greatly exacerbated the problem.

"Since then we have made several attempts to talk to the government, including several meetings in Switzerland with one of the senior members of the legal department of New York's southern district. I think the meetings were positive. The man listened patiently, he notified us of his instructions and explained our situation to us. However, at the end of the meeting he said: 'Our hands are tied. Everything that has been done so far reflects office policy, and if this is the way you feel, the only solution is to return to the United States and turn yourself in.'

"That was the end of the meeting. I told him that we initiated an in-depth legal investigation by a team of prominent and independent lawyers. The conclusion reached by this investigation was that there was nothing criminal in what had been done in those years. We told them that the investigation was available and we offered to send it to the American authorities. Their reply was: 'We're not interested'.

If you're convinced of your innocence, return to the States and stand trial.

"Considering the amount of publicity the affair has received so far and the amount of attention we would get if we took this step, it would be very risky for us and I do not want to take this risk.

"I don't think this juridical situation will ever be resolved. Of course, I hope it will, I hope we will be able to resolve the problem, but I don't think it's going to happen. This makes me very sad and disappointed. You can print those two words".

"We don't want to change the way things are done in the country" (headline)

When did you start getting philanthropically involved in Israel?

"From before the establishment of the state; first by my father and later on by me. I am a Jew and Jews are important to me. I always thought that the State of Israel was very important to Jews and to the whole world in general. I always wanted to help".

You refuse to contribute to political campaigns; that is an anomaly on the Israeli philanthropic scene.

"We try and help by donations in the field of the arts, health, medicine and education. We try to help people. As far as politics is concerned, I think that should be left to the people who live in the country, without any outside interference.

"Our philosophy has always been to spread our help as much as possible and not to just one field. This is the topic closest to my heart. The combination of aims and their diversity is the way we try to help. The bottom line is that we are not trying to change the way things are done here. Therefore I do not want to be involved in politics, in Israel or anywhere else".

Have you met Ehud Barak?

"Yes".

What do you think of him?

"He makes a very good impression".

Out of all your numerous donations, which one gave you the most satisfaction?

"The establishment of the Judaica wing in the Israel Museum. This was Teddy Kollek's project. We received this proposal at a special time, when we wanted to honor a friend of ours, for whom the department was named. I always considered Judaica an important part of the Jewish heritage.

"I am a Jew and I grew up in an orthodox family with a traditional education. Although I grew up and lived in several countries, Judaism was always a part of me. I remember when as a child we left Belgium during the Second World War. My father immediately got a car and

we left with the whole family. We even took my nanny, a German woman. On the French border she was not allowed to cross over with us and she stayed behind, and I was very sad".

Is it these memories that motivate your donations to Israel?

"No. My donations are not connected to the memories of my childhood, but to the basic understanding of what it means to be Jewish. At first in Belgium and later on in the United States, in Kansas City and Queens, New York. My father David had a decisive influence on my life at the time. He was a German Jew, extremely erudite, very exacting with himself, with his religion and with his work. He was my model. He was a very honest man and appreciated as such by all those who came in contact with him".

Two years ago, in the framework of the regular activities of his foundations, Rich established a special project for the financing of scientific research on leukemia. This year a new foundation, named after his daughter Gabrielle, will be set up. This foundation will increase the scope of its investments in the field of leukemia research in Israel, in the U.S. and in Europe. Total annual investments will amount to two million dollars.

"As my daughter died of leukemia", says Rich, "I decided that this was one of the fields on which I wanted to focus my foundations. Together with Mr. Azulay we developed a program, which granted 14 research grants to scientists from Israel, Europe and the States. They held a symposium on the subject and they reached the conclusion that cooperative work can be very beneficial. Following the symposium, we now decided to develop four or five bigger programs, as a substitute for the present method, which will provide a regular income to a fixed number of beneficiaries. The aim is to enable them to work for an extended period and to produce results".

(In a boxed section of the article)

**The woman with him
Gisela Rich, his wife and companion**

Marc Rich's divorce from his first wife Denise, the mother of his three daughters, was widely covered by the media. His second wife, Gisela Rich, kept her silence. In the framework of his exclusive interview to the Maariv Weekend Supplement, his spouse decided to come to her husband's aid.

"The main problem", she says, "is not the restriction of movement imposed on my husband and not the fact that the family and our close friends have suffered a great deal from this affair. The sad thing is to see a person who has contributed so much to society, who provided work to thousands of people, stuck in this situation for such an extended time. I really think this is all very unfair.

"The problem is, the way the system works nowadays you are guilty until you prove otherwise. The media doesn't do its job properly. They are all engaged in endlessly repeating the same old story from ten years ago again and again, without checking the facts. Marc consulted two independent advisors, and they came to the conclusion that there is not a single clause in the whole indictment that would carry criminal responsibility in a court of law. The whole affair started with Mr. Giuliani, a person known for his proclivity for getting his name in the papers. Over the years the story kept on growing until it snowballed.

"Let's get this straight: in the eighties all the oil companies did what Marc did. But only Marc was indicted, because he was an easy target.

"We have a friend in the States, a manager of a medical clinic. A few years ago he was forced to fire several employees, as a result of the economic situation. They got back at him by spreading rumors of sexual harassment and the story ended up in court. In the end he was acquitted. But the damage to his family and his reputation had been done. The media had made their profit. What did they care about the guy and his family?"

Your husband gives the impression that he is already indifferent to the stories about him.

"Marc says 'I don't care anymore'. But there is no such things as a person who doesn't care".

What was the most difficult moment in all the years of this affair?

"When Gabrielle died. She was hospitalized in New York and in Seattle. Marc wanted to go and visit her but the American authorities refused, despite the fact that it was obvious that she was dying. That was terrible".

(In a boxed section of the article)

The man with him
Avner Azulay – his executive director

Avner Azulay manages the daily operations of the Rich and Doron Foundations. Azulay left a senior position in the Mossad after the Lebanon War and established a security consultancy in European countries. Marc Rich retained his services. In '93 Rich suggested that he replace attorney Mordechai Mevorach as manager of the foundations.

I asked Azulay about the connection between Rich's hefty donations to Israel and to Jews in the Diaspora and to the fact that Israel refuses to extradite him to the United States.

Azulay: "The Doron Foundation started its operations in '81 in Israel and has been doing so ever since. The Rich Foundation was set up in '88 following the success of the Doron Foundation and was slated for investments in the Diaspora, wherever there were Jewish communities. So the donations commenced before the legal entanglements. Donations to Israel and Marc Rich's involvement in aid to Israel and the Diaspora started before the establishment of the state. Not just financially, but in any way he could help. From the moment he started working, he helped the Jewish people. He inherited this from his father.

"Since '96 two foundations, Doron and Rich, have been operating from Israel. This year we decided to merge them into one foundation, which will operate at the same level, and to transform the leukemia research project into a separate and independent foundation".

Weren't you deterred from working with Rich by the publicity surrounding him?

"Not at all. I had decided to work with Rich even before it all started. In my opinion the harsh and vicious way his case has been handled is unprecedented and unjustified. Over the years I was personally presented with legal opinions, stating that no crime had been committed in this entire complicated case. The only reason for his refusing to stand trial up to now is that he is convinced that, considering the circumstances – the wide and malicious publicity the affair has had and the mistakes made by his former lawyers – the chances that he will get a fair trial in an American court are slim".

How many requests a year do you receive?

"We receive approximately 800 requests a year. From this we choose about a 100 projects amounting to a total of six million dollars a year".

How often do you meet with Rich?

"We are in almost daily contact by phone or by e-mail. We meet on an average of once a month".

If Israel is so important to Rich, why doesn't he come on aliya?

"He once weighed the possibility of moving the focus of his business to Israel, according to the Eisenberg law. However, the business environment in Israel is very different from the Swiss system. As you noticed, Rich doesn't waste words and he talks to the point. In the period that Rich was weighing the possibility of doing business here, he found out that there were all kinds of reports in the media even before they had been presented to him. He is not considering moving to Israel".

17
DO NOT FILE
UNCLASSIFIED

UNITED STATES GOVERNMENT

memorandum

DATE: August 25, 1983

REPLY TO
ATTN OF: Amembassy, Madrid *Get*

SUBJECT: CPAS, SP (RICH, Marc) - Loss of Nationality

TO: Department of State (CA/OCS/CCS/EUR)

Marc Rich DPOB December 18, 1934, Antwerp, Belgium, acquired derivative U.S. citizenship through his parents' naturalization in 1945 at Kansas City, Missouri. He began residing in Spain in 1967 and has been registered with this Embassy since that date. However, Embassy learned through Spain's Official Bulletin (BOE), #36 of Feb. 11, 1983, that Marc Rich had become a naturalized Spaniard. We attempted to contact Mr. Rich to have him fill out the "Information for Determining U.S. Citizenship" questionnaire, but he never responded to our inquiries. We were informed by his secretary that he had left Spain. Embassy obtained from Spanish Central Civil Registry the certification showing Mr. Rich acquired Spanish nationality on September 3, 1982.

Post is of the opinion that Marc Rich expatriated himself on September 3, 1982 under provisions of Section 349(a)(1) of the INA by obtaining naturalization as a Spanish citizen on his own volition. Consular officer recommends that CLN executed on Mr. Rich be approved.

Enclosures:

FS-348 (original & 2 copies).

Certification from Spanish Central Civil Registry re acquisition of Spanish nationality w/translation (original & 2 copies).

Emb.'s ltr. of March 25, 1983 to Mr. Rich w/registered, return receipt.

Emb.'s ltrs. of April 19, 1983 to Central Civil Registry, and of May 9, 1983.

Spanish Central Civil Registry's replies of April 26, 1983 and June 17, 1983.

B.O.E. N°. 36 of Feb. 11, 1983.

CONS:

UNCLASSIFIED

OPTIONAL FORM NO. 10
(REV. 1-80)
GSA FPMR
5010-114

EXHIBIT

H
H
MARC RICH
[REDACTED]

27th October, 1992

REGISTERED MAIL

AMERICAN CONSULATE GENERAL

28 OCT 1992

Ruth H. Van Heuven
U.S. Consul General
United States Consulate
Zollikerstrasse 141

ZURICH, SWITZERLAND

8008 Zürich

Dear Madam Consul,

I am responding to your letter of April 15, 1992. The State Department's position that I remain a U.S. citizen is extremely surprising in light of the fact that the State Department failed for seven and one-half years to respond to my November 23, 1984 letter which stated under oath my decision to give up U.S. citizenship. I firmly disagree with the State Department's position, and this letter will make clear the reasons for my disagreement.

It is not in question that in 1982 I was naturalized under the laws of Spain, swore an oath of allegiance to the King of Spain, and formally stated that I thereby renounced U.S. nationality. I performed all these acts voluntarily with the purpose of taking Spanish nationality and renouncing my United States citizenship.

As a result of these acts, and the publication in the Official State Gazette of Spain of my acquisition of Spanish nationality, Julian Bartley, the U.S. Consul in Madrid, and a Department of State officer, wrote me on March 25, 1983, stating that I may have lost my U.S. citizenship and asking me to complete an "Information

EXHIBIT

MARC RICH



for Determining U.S. Citizenship" form. Paragraph 9 of this form stated that if I signed a statement that "I (name) performed the act of expatriation indicated in Item 7 (a, b, c, d, or e) voluntarily and with the intention of relinquishing my U.S. nationality," then the Department of State "will prepare the necessary forms to document your loss of U.S. citizenship."

In response, I wrote to the U.S. Consul in Madrid in November 1984 reaffirming my prior intent and renunciation of U.S. citizenship by submitting a letter with an executed oath of renunciation and statement of understanding. Both of these documents followed the form which the State Department itself uses for citizens who wish to expatriate themselves. I have not since held myself out as a U.S. citizen or claimed any benefit of U.S. citizenship.

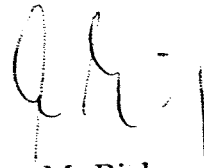
In addition, my signed November 1984 letter to the U.S. Consul also purposefully contained the statement requested in Paragraph 9 of the "Information for Determining U.S. Citizenship" form. I stated that "I performed my act of expatriation . . . voluntarily and with the intention of relinquishing my United States nationality and citizenship." Upon receipt of that statement, the Department of State's procedures provide for it to "prepare the necessary forms to document (my) loss of U.S. citizenship." Your April 15, 1992 letter, asserting that I have not given up that citizenship is, therefore, inconsistent with the State Department's own practices and procedures.

The sum of these actions by me (including the letter and documents submitted by me to the U.S. Consul in November 1984) have unambiguously expressed my relinquishment of U.S. citizenship. It has always been my belief that I had expatriated myself and that I am not -- nor do I have any wish to be -- a U.S. citizen. Prior to surrendering my U.S. citizenship and from time to time thereafter, I have been advised by both U.S. and Spanish

MARC RICH


counsel regarding the status of my citizenship. Since receiving your letter dated April 15, 1992, I have had my renunciation of U.S. citizenship reviewed by expert counsel and their advice is unqualified - - my acts effectively and legally caused relinquishment of my U.S. citizenship.

Yours very truly,



M. Rich

Bern, Switzerland

December 19, 1983

B
DC

REGISTERED

Mr. Pincus Green
Industriestrasse 9
6300 Zug

Dear Mr. Green:

It has come to our attention that on May 27, 1983 you were naturalized as a Bolivian citizen. It is possible that by performing this act you may have lost your U.S. citizenship under Section 349(a)(1) of the Immigration and Nationality Act. An excerpt containing this provision of law is enclosed.

It will be helpful in determining your present citizenship status if you would complete the enclosed "Information for Determining U.S. Citizenship" form. Please return the completed form within 30 days in the enclosed envelope. If no reply is received, the Department of State may make an official determination of your U.S. citizenship status on the basis of all available information.

You may want to discuss this matter with a consular officer before filling out this form. We will be pleased to arrange an appointment if you do wish to consult a member of our consular staff. Our office telephone number is (031)43 72 29.

Your cooperation will be appreciated.

Sincerely yours,

DC

American Consul

Enclosures:
As stated

cc: Amcongen Zurich

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Department of State

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EXDIS

E.O. 12356: OADR
TAGS: CPAS, CFED, BL
SUBJECT: FINANCIAL FRAUD/CITIZENSHIP MARC RICH,
PINCUS GREEN

1. ON OCTOBER 11, POST RECEIVED NOTIFICATION FROM THE
MINISTRY OF INTERIOR, SUB-SECRETARY OF IMMIGRATION,
THAT AMERICAN CITIZENS MARC RICH AND PINCUS GREEN
HAD RENOUNCED THEIR U.S. CITIZENSHIP AND HAD BEEN
NATURALIZED AS BOLIVIAN CITIZENS.

2. ATTACHED TO THE NOTIFICATIONS WERE THE FOLLOWING
U.S. PASSPORTS: MARC RICH, [REDACTED]
[REDACTED] BELGIUM, ISSUED SEPTEMBER 19, 1980 IN
NEW YORK; PINCUS GREEN, [REDACTED]
[REDACTED] NEW YORK, ISSUED AUGUST 12, 1981 IN NEW YORK.

3. BOTH PASSPORTS HAVE VARIOUS ENTRY AND LATER
RESIDENCY STAMPS FOR BOLIVIA WHICH WE HAVE NOT
VERIFIED. NEITHER PASSPORT WAS VALID FOR TRAVEL
TO BOLIVIA SINCE EACH IS RESTRICTED "ONLY VALID FOR
TRAVEL TO SOUTH AFRICA." THE EMBASSY WILL AWAIT
GUIDANCE FROM THE DEPARTMENT BEFORE TAKING ANY
ACTION. WE SUSPECT THAT A CASE COULD BE MADE THAT
BOTH RICH AND GREEN ENTERED BOLIVIA ILLEGALLY GIVEN
THE RESTRICTION ON USE OF U.S. PASSPORTS. THIS COULD
JEOPARDIZE THEIR CLAIM TO BOLIVIAN CITIZENSHIP. WE
ALSO SUSPECT THAT BOTH RICH AND GREEN ARE STILL IN
POSSESSION OF VALID U.S. PASSPORTS. PLEASE ADVISE
ASAP. CORR

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2-
3-
4-
5-
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EXHIBIT